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| 09/524,189  | 03/13/2000  | Forrest N. Krutter   | 10106/4                   | 6269             |
| 757 7590 02/12/2007<br>BRINKS HOFER GILSON & LIONE<br>P.O. BOX 10395<br>CHICAGO, IL 60610 |             |                      | EXAMINER<br>PASS, NATALIE |                  |
|   |             |                      | ART UNIT                  | PAPER NUMBER     |
|   |             |                      | 3626                      |                  |

| SHORTENED STATUTORY PERIOD OF RESPONSE | MAIL DATE  | DELIVERY MODE |
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

**Office Action Summary**

Application No.

09/524,189

Applicant(s)

KRUTTER ET AL.

Examiner

Natalie A. Pass

Art Unit

3626

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 22 December 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Notice to Applicant***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 22 December 2006 has been entered.
2. This communication is in response to the Request for Continued Examination and amendment filed 22 December 2006. Claim 1 has been amended. Claims 1-20 remain pending.

### ***Claim Objections***

3. In the amendment filed 17 November 2005 the limitations of claim 1 did not accurately match the claim listing of the previous amendment, filed January 18, 2005. The previous claim 1, in the amendment filed January 18, 2005, had recited, "calculating by the computer a fixed dividend" (emphasis added) on line 8. In the amendment of 17 November 2005 this limitation was amended to recite, "calculating a fixed dividend" (also on line 8) without proper deletion markups. However, due to the submission filed on 22 December 2006, the objection to claim 1 because the claim listings were not properly marked is hereby withdrawn.

### ***Claim Rejections - 35 USC § 112***

4. The rejection of claim 1 under 35 U.S.C. §112, second paragraph, is hereby withdrawn, due to the submission filed on 22 December 2006.

*Claim Rejections - 35 USC § 103*

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 1-3 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al., U.S. Patent Number 5, 704, 045 in view of Schwab, S., "Reinsurer Liability For Contingent Claims," The International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178, hereinafter known as Schwab, and further in view of Hall, R., "Alternatives to Estimation of Claims and Acceleration of Reinsurance Recoverables: The Uniform Receivership Law," (1999), URL:< <http://www.robertmhall.com/articles/k.htm>>, hereinafter known as Hall, for substantially the same reasons given in the previous Office Action (paper number 01242006). Further reasons appear hereinbelow.

(A) As per newly amended claim 1, King teaches a method implemented with a computer of paying an insolvent Insurance Company's liabilities through a reinsurance agreement or other indemnification arrangements, comprising:

a) estimating with the computer values of an Insurance Company's assets and liabilities and storing said values in electronic readable format in the computer, said assets including reinsurers' obligations associated with the liabilities (King; column 7, lines 22-25, column 9, lines 45-52, column 20, lines 8-21);

d) receiving at least a portion of the assets of the insolvent Insurance Company, including rights to the insolvent Insurance Company's reinsurers' obligations associated with the liabilities (King; see at least column 7, line 8 to column 8, line 67).

King fails to explicitly disclose

c) guaranteeing the payment of the fixed dividend to claimants or insureds of the insolvent Insurance Company when said allowed claim matures.

However, the above features are well-known in the art, as evidenced by Schwab.

In particular, Schwab teaches

c) "requires reinsurers to pay only on 'liquidated and determined' claims" (reads on "guaranteeing the payment of the fixed dividend to claimants or insureds of the insolvent Insurance Company when said allowed claim matures") (Schwab; see at least page 177, line 9).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of paying an insolvent Insurance Company's liabilities of King to include these limitations, as taught by Schwab, with the motivation of protecting the interests of the insurance company's claimants, policyholders, creditors, and the general public (Schwab; page 176, lines 40-41).

King fails to explicitly disclose

b) calculating a fixed dividend based on the stored values of the assets and liabilities, wherein said dividend is a fraction of an allowed claim, the fraction being a function of said values.

However, the above features are well-known in the art, as evidenced by Hall.

Art Unit: 3626

In particular, Hall teaches

b) calculating a “payment” (reads on “fixed dividend”) based on the stored values of the assets and liabilities, wherein said dividend is a fraction of an allowed claim, the fraction being a function of said values (Hall; page 1, paragraphs 2, 8, 10, 11, page 2, paragraphs 1, 3); Examiner interprets Hall’s teachings of “mandatory negotiation and arbitration provisions ... [...] ... which allows the receiver to force an arbitration [ i.e. “quantify”] of the value of outstanding... [...] ... losses. Once the arbitration is complete, the reinsurer must pay or provide collateral for the value of their reinsurance payables as found by the arbitration panel” (Hall; page 1, paragraph 10) to be a form of calculating a “payment” (reads on “fixed dividend”) based on the stored values of the assets and liabilities, and Examiner interprets Hall’s teaching of a “discount” factor (Hall; page 2, paragraphs 1, 3) to be a form of “wherein said dividend is a fraction of an allowed claim, the fraction being a function of said values.”

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the combined teachings of King and Schwab to include these limitations, as taught by Hall, with the motivation of providing an effective mechanism for handling insurance receiverships by establishing a uniform, fair and more efficient means of administering insurance insolvencies (Hall; page 1, paragraph 6).

(B) As per claims 2-3, King, Schwab and Hall teach a method as analyzed and discussed in claim 1 above

wherein said dividend is calculated by the computer by at least adding the value of the insolvent Insurance Company property (reads on “assets”), including determining the expected

Art Unit: 3626

present value of the reinsurers' obligations discounted by a discount factor (reads on "reinsurer risk factor"), and dividing by the expected present value of associated claims against the Insurance Company (King; column 5, lines 9-21, column 7, line 8 to column 8, line 67, column 9, line 31 to column 10, line 49, column 21, lines 2-7), (Schwab; see at least page 176, lines 5-44), (Hall; page 1, paragraphs 2, 8, 10, 11, page 2, paragraphs 1, 3); and

further comprising setting aside assets to cover administrative costs of the Insurance Company before calculating said dividend (King; column 5, lines 9-21, column 9, line 31 to column 10, line 49, column 20, line 25 to column 22, line 27), (Hall; page 1, paragraphs 2, 8, 10, 11, page 2, paragraph 1).

The motivations for combining the respective teachings of King, Schwab and Hall are as given in the rejection of claim 1 above, and incorporated herein.

7. Claims 4-9 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al., U.S. Patent Number 5, 704, 045 in view of Schwab, S., "Reinsurer Liability For Contingent Claims," The International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178, hereinafter known as Schwab, and further in view of Hammond et al., U.S. Patent Number 5, 712, 984 for substantially the same reasons given in the previous Office Action (paper number 01242006). Further reasons appear hereinbelow.

(A) As per claim 4, King teaches a computer-based method of reinsuring an insolvent Insurance Company's liabilities comprising:

Art Unit: 3626

- a) estimating a value of the Insurance Company's assets (King; see at least Figure 1, column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, lines 5-16);
- b) estimating with a computer a value of claims of insureds against the Insurance Company (King; see at least Figure 1, column 7, line 8 to column 8, line 67, column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, lines 5-16);
- c) evaluating obligations of reinsurers against said claims by applying a reinsurer risk factor (King; column 8, lines 19-32, column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, lines 5-16);
- d) determining with the computer the shortfall or insufficiency of the assets including the reinsurers' obligations to cover said claims and administrative costs associated with said claims (King; column 4, lines 10-17, column 7, line 8 to column 8, line 32, column 20, lines 8-21);
- e) determining with the computer a guaranteed payment rate of said claims as a function of said shortfall and storing said payment rate in electronic readable format in the computer (King; column 7, line 8 to column 8, line 32, column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, line 30 to column 23, line 6); and
- g) assigning or transferring at least a portion of said assets and reinsurers' obligations to government approved fiduciary parties (reads on "Indemnifying Agent") (King, column 7, lines 27-29).

King fails to explicitly disclose



Art Unit: 3626

f) indemnifying by an Indemnifying Agent at least a portion of the Insurance Company's liabilities for said claims at said guaranteed payment rate for payment when said allowed claims mature.

However, the above features are well-known in the art, as evidenced by Schwab.

In particular, Schwab teaches

f) indemnifying by a reinsurer (reads on "an Indemnifying Agent") at least a portion of the Insurance Company's liabilities for said claims and "requires reinsurers to pay only on 'liquidated and determined' claims" (reads on "at said guaranteed payment rate for payment when said claims mature") (Schwab; see at least page 176, lines 35-39, page 177, line 9).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of King to these limitations, as taught by Schwab, with the motivations of protecting the interests of claimants, abbreviating the delay in paying claimants, reducing administrative expenses and lightening the burden of insolvency (Schwab; page 176, lines 13-44).

King fails to explicitly disclose using computer-based models stored in the computer.

However, the above features are well-known in the art, as evidenced by Hammond.

In particular, Hammond teaches using computer-based models stored in the computer (Hammond; see at least Abstract, Figure 1, column 2, lines 14-34, column 3, line 24 to column 4, line 10, column 22, lines 7-30).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the combined teachings of King and Schwab to include these limitations, as taught by Hammond, with the motivation of providing a standardized method for more

Art Unit: 3626

accurately forecasting which would allow both insurers to budget and forecast more accurately and thus to reduce losses (Hammond; column 2, lines 6-11).

(B) As per claims 5-9, King, Schwab and Hammond teach a method as analyzed and discussed in claim 4 above,

further comprising:

assigning to said claims a plurality of priorities and determining a plurality of payment rates to correspond to said claims depending on the priority assigned to the claim (King; column 13, lines 5-16);

assigning an upper limit on an aggregate amount the Indemnifying Agent is liable for said claims (King; column 3, lines 31-46, column 4, lines 10-45, column 7, line 8 to column 8, line 67, column 14, lines 41-57);

assigning to said Indemnifying Agent all assets or property of the insurance company (reads on rights of the Insurance Company for any salvage or subrogation to which the Insurance Company is entitled) (King; column 5, lines 9-21, column 7, line 8 to column 8, line 67, column 9, line 31 to column 10, line 49, column 20, line 25 to column 22, line 27), (Schwab; see at least page 32, lines 3-23, page 176, lines 5-44);

assigning to the Indemnifying Agent all assets or property of the insurance company (reads on a security interest in at least some of the Insurance Company's rights in secured or special deposits or similar fund held by any state, trusts, letters of credit, and other security due to or held in the Insurance Company's favor) (King; column 5, lines 9-21, column 7, line 8 to

Art Unit: 3626

column 8, line 67, column 9, line 31 to column 10, line 49, column 20, line 25 to column 22, line 27), (Schwab; see at least page 32, lines 3-23, page 176, lines 5-44); and

appointing a Deputy Liquidator to administer the Insurance Company (King; column 7, line 8 to column 8, line 67).

The motivations for combining the respective teachings of King, Schwab and Hammond are as given in the rejection of claim 4 above, and incorporated herein.

8. Claims 10-11 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hammond et al., U.S. Patent Number 5, 712, 984 in view of King et al., U.S. Patent Number 5, 704, 045 for substantially the same reasons given in the previous Office Action (paper number 01242006). Further reasons appear hereinbelow.

(A) As per claims 10-11, Hammond teaches a software method for reinsuring an insolvent Insurance company's liabilities using a computer, said method comprising:

- a) generating with a computer one or more statistical models representative of known cost values based on significant characteristics of historical insurance claims representative of immature insurance claims against the Insurance Company (Hammond; see at least Abstract, Figure 1, column 2, lines 14-34, column 3, line 24 to column 4, line 10);
- b) storing said statistical models in electronic readable format in a first electronic memory storage area in the computer (Hammond; see at least Abstract, Figure 1, column 2, lines 14-34, column 3, line 24 to column 4, line 10, column 22, lines 7-30);
- c) determining significant characteristics of said insurance claims for unstated amounts and applying said models to said insurance claims for unstated amounts to estimate with

Art Unit: 3626

the computer the actual losses anticipated for those claims (Hammond; see at least Abstract, column 2, lines 14-56);

Hammond fails to explicitly disclose

d) determining the expected amount of the reinsurers' obligations on the insurance claims for unstated amounts and calculating the present value of the reinsurers' obligations by applying a reinsurer risk factor;

e) calculating with the computer a guaranteed payment rate against said claims as a function of the Insurance Company assets, the present value of the reinsurers' obligations and the present value of underlying claims against the insurance company;

f) storing the guaranteed payment rate in electronic readable format in a second electronic memory storage area in the computer; and

g) indemnifying the insolvent Insurance Company against the claims at the guaranteed payment rate when said claims mature in exchange for the rights to the Insurance Company's assets and reinsurers' obligations; and

further comprising setting aside assets for administrative costs before calculating the guaranteed payment rate.

However, the above features are well-known in the art, as evidenced by King.

In particular, King teaches

d) determining the expected amount of the reinsurers' obligations on the insurance claims for unstated amounts and calculating the present value of the reinsurers' obligations by applying a reinsurer risk factor (King; column 8, lines 19-32, column 10, lines 33-36, column 20, line 64 to column 21, line 14);

Art Unit: 3626

e) calculating with the computer a guaranteed payment rate against said claims as a function of the Insurance Company assets, the present value of the reinsurers' obligations and the present value of underlying claims against the insurance company (King; see at least column 7, line 8 to column 8, line 32, column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, line 30 to column 23, line 6);

f) storing the guaranteed payment rate in electronic readable format in a second electronic memory storage area in the computer (King; column 7, line 8 to column 8, line 32, column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, line 30 to column 23, line 6);

g) indemnifying the insolvent Insurance Company against the claims at at the guaranteed payment rate when said claims mature in exchange for the rights to the Insurance Company's assets and reinsurers' obligations (King; column 5, lines 9-21, column 7, line 8 to column 8, line 67, column 9, line 31 to column 10, line 49, column 20, line 25 to column 22, line 27); and

further comprising setting aside assets for administrative costs before calculating the guaranteed payment rate (King; column 5, lines 9-21, column 9, line 31 to column 10, line 49, column 20, line 25 to column 22, line 27).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of Hammond to include these limitations, as taught by King, with the motivations of enabling adequate funds to be provided by various classes of investors to accept risks not efficiently transferable in existing markets while providing assurance that all

Art Unit: 3626

claims will be paid from its segregated assets, thus providing a comparatively higher quality assurance of risk transfer (King; column 3, lines 12-17, 40-44).

9. Claims 12-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al., U.S. Patent Number 5, 704, 045, Schwab, S., "Reinsurer Liability For Contingent Claims," The International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178, hereinafter known as Schwab, and Hall, R., "Alternatives to Estimation of Claims and Acceleration of Reinsurance Recoverables: The Uniform Receivership Law," (1999), URL: <http://www.robertmhall.com/articles/k.htm>, hereinafter known as Hall, as applied to claim 1 above, and further in view of Jenkins, T. "Risk in the Insurance Sector," (1999), URL: [http://www.apra.gov.au/RePEc/RePEcDocs/Archive/conference\\_papers1/risk\\_insurance\\_sector.pdf](http://www.apra.gov.au/RePEc/RePEcDocs/Archive/conference_papers1/risk_insurance_sector.pdf), hereinafter known as Jenkins for substantially the same reasons given in the previous Office Action (paper number 01242006). Further reasons appear hereinbelow.

(A) As per claims 12 and 14, King, Schwab and Hall teach a method as analyzed and discussed in claims 1 and 2 above.

King, Schwab and Hall fail to explicitly disclose wherein said reinsurer risk factor includes a payment lag factor related to the timeliness of payments of said reinsurers' obligations and a credit risk factor related to an estimated creditworthiness of the reinsurers.

However, the above features are well-known in the art, as evidenced by Jenkins. In particular, Jenkins teaches said reinsurer risk factor includes a credit risk factor related to the creditworthiness of the reinsurers and a payment lag factor related to the timeliness of payments

Art Unit: 3626

of said reinsurers' obligations (Jenkins; page 42, column 2, paragraph 3, page 46, column 1, paragraph 2, lines 1-4, column 2, paragraphs 6-8).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of King, Schwab and Hall to include these limitations, as taught by Jenkins, with the motivation of enabling an insurer to price for risk, adjust its prices in the light of experience, and match the risk it retains with its capacity to meet claims in reasonably likely circumstances, thus operating a sound and adaptive business (Jenkins; page 46, column 2, lines 1-5).

The motivations for combining the respective teachings of King, Schwab, and Hall are as given in the rejection of claim 1 above, and incorporated herein.

(B) As per claims 13, 15, King, Schwab, Hall and Jenkins teach a method as analyzed and discussed in claims 1, 2, 12 and 14 above

wherein calculating the fixed dividend further is based on a factor for a return on capital (reads "on investment") (Jenkins; page 42, column 2, paragraph 3);

further comprising undertaking "scenario testing" (reads on "determining multiple scenarios for the ultimate amounts of liabilities"), and

determining a net present value of the expected recovery from reinsurers' obligations corresponding to the statistical average of the multiple scenarios (King; column 8, lines 19-32, column 10, lines 33-36, column 20, line 64 to column 21, line 14), (Schwab; see at least page 176, lines 5-44), (Jenkins; page 68, column 1, line 10 to column 2, line 8); Examiner interprets Jenkins teachings of "scenario testing" together with "an actuary's analysis" and "modelling

Art Unit: 3626

process” and “life [insurance] companies have integrated actuaries into the organisation” (Jenkins; page 68, column 1, line 10 to column 2, line 8) as teaching a form of actuarial analysis to provide the statistical average of the multiple scenarios.

The motivations for combining the respective teachings of King, Schwab, and Hall and Jenkins are as given in the rejections of claims 1 and 12 above, and incorporated herein.

10. Claims 16-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al., U.S. Patent Number 5, 704, 045 in view of Schwab, S., "Reinsurer Liability For Contingent Claims," The International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178, hereinafter known as Schwab, Hammond et al., U.S. Patent Number 5, 712, 984 and Jenkins, T. "Risk in the Insurance Sector," (1999), URL: <[http://www.apra.gov.au/RePEc/RePEcDocs/Archive/conference\\_papers1/risk\\_insurance\\_sector.pdf](http://www.apra.gov.au/RePEc/RePEcDocs/Archive/conference_papers1/risk_insurance_sector.pdf)>, hereinafter known as Jenkins for substantially the same reasons given in the previous Office Action (paper number 01242006). Further reasons appear hereinbelow.

(A) As per claim 16, King, Schwab and Hammond teach a method as analyzed and discussed in claim 4 above.

King, Schwab and Hammond fail to explicitly disclose wherein said reinsurer risk factor includes a credit risk factor related to an estimated creditworthiness of the reinsurers and a payment lag factor related to the timeliness of payments of the reinsurers' obligations.

However, the above features are well-known in the art, as evidenced by Jenkins.



Art Unit: 3626

In particular, Jenkins teaches said reinsurer risk factor includes a credit risk factor related to the creditworthiness of the reinsurers and a payment lag factor related to the timeliness of payments of the reinsurers' obligations (Jenkins; page 42, column 2, paragraph 3, page 46, column 1, paragraph 2, lines 1-4, column 2, paragraphs 6-8).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the combined teachings of King, Schwab and Hammond to include these limitations, as taught by Jenkins, with the motivations of enabling an insurer to price for risk, adjust its prices in the light of experience, and match the risk it retains with its capacity to meet claims in reasonably likely circumstances, thus operating a sound and adaptive business (Jenkins; page 46, column 2, lines 1-5).

The motivations for combining the respective teachings of King, Schwab, and Hammond are as given in the rejection of claim 4 above, and incorporated herein.

(B) As per claims 17-20, King, Schwab, Hammond and Jenkins teach a method as analyzed and discussed in claims 4, 10, and 16 above

wherein evaluating said reinsurers' obligations further comprises undertaking "scenario testing" (reads on determining multiple scenarios for the ultimate amounts of liabilities) (Jenkins; page 68, column 1, lines 10-15), and determining a net present value of the expected recovery from reinsurers' obligations corresponding to the statistical average of the multiple scenarios (King; column 8, lines 19-32, column 10, lines 33-36, column 20, line 64 to column 21, line 14), (Schwab; see at least page 176, lines 5-44), (Jenkins; page 68, column 1, line 10 to column 2, line 8); Examiner interprets Jenkins teachings of "scenario testing" together with "an actuary's

Art Unit: 3626

analysis” and “modelling process” and “life [insurance] companies have integrated actuaries into the organisation” (Jenkins; page 68, column 1, line 10 to column 2, line 8) as teaching a form of actuarial analysis to provide the statistical average of the multiple scenarios;

wherein determining with the computer a guaranteed payment rate further comprises applying a factor for a return on capital (reads on investment) required by the Indemnifying Agent (Jenkins; page 42, column 2, paragraph 3);

wherein said reinsurer risk factor includes a credit risk factor related to an estimated creditworthiness of the reinsurers and a payment lag factor related to the timeliness of payments of said reinsurers' obligations (Jenkins; page 42, column 2, paragraph 3, page 46, column 1, paragraph 2, lines 1-4, column 2, paragraphs 6-8);

wherein determining the expected amount of the reinsurers' obligations on the insurance claims for unstated amounts and calculating the present value of the reinsurers' obligations further comprises undertaking "scenario testing" (reads on determining multiple scenarios for the ultimate amounts of insurance claims), and determining a net present value of the expected recovery from reinsurers' obligations corresponding to the statistical average of the multiple scenarios (King; column 8, lines 19-32, column 10, lines 33-36, column 20, line 64 to column 21, line 14), (Schwab; see at least page 176, lines 5-44), (Jenkins; page 68, column 1, line 10 to column 2, line 8); Examiner interprets Jenkins teachings of “scenario testing” together with “an actuary’s analysis” and “modelling process” and “life [insurance] companies have integrated actuaries into the organisation” (Jenkins; page 68, column 1, line 10 to column 2, line 8) as teaching a form of actuarial analysis to provide the statistical average of the multiple scenarios.

The motivations for combining the respective teachings of King, Schwab, Hammond and Jenkins are as given in the rejections of claims 4 and 16 above, and incorporated herein.

***Response to Arguments***

11. Applicant's arguments filed 22 December 2006 have been fully considered but they are not persuasive. Applicant's arguments will be addressed hereinbelow in the order in which they appear in the response filed 22 December 2006.

(A) At page 7 of the 22 December 2006 response, Applicant argues that the objection to claim 1 because the claim listings were not properly marked was in made in error and should be withdrawn. Examiner disagrees that an error was made, as has been unambiguously discussed in section 3 above; however, due to the submission filed on 22 December 2006, the objection to claim 1 has been withdrawn.

(B) At pages 7-8 of the 22 December 2006 amendment, Applicant argues that the submission of 22 December 2006 overcame the rejections under 35 U.S.C. 112. Examiner agrees and has withdrawn the rejections under 35 U.S.C. 112.

(C) At pages 8-13 of the 22 December 2006 response, Applicant argues that the claim limitations in the 22 December 2006 amendment are not taught or suggested by the applied references. In response, all of the limitations which Applicant disputes are missing in the applied

Art Unit: 3626

references have been fully addressed by the Examiner as either being fully disclosed or obvious in view of the collective teachings of King, Schwab, Hall, Hammond, and Jenkins, based on the logic and sound scientific reasoning of one ordinarily skilled in the art at the time of the invention, as detailed in the 35 USC § 103 rejections given in the preceding sections of the present Office Action and in the prior Office Action, and incorporated herein. In particular, Examiner notes that the limitations of “guaranteeing the payment of the fixed dividend to claimants or insureds of the insolvent Insurance Company when said allowed claims mature” are taught by the combination of cited references. In particular, Examiner interprets Schwab’s recitation of “requires [reads on “guarantees”] reinsurers to pay only on ‘liquidated and determined claims’” (emphasis added) (reads on “matured” or “quantified” claims, as per Applicant’s explanation of “matured” in Applicant’s Specification, page 7, line 19], (Schwab; see at least page 177, line 9) as teaching a form of “guaranteeing the payment ... [...] ...when said allowed claims mature.”

With respect to Applicant’s argument at pages 8-9 of the 22 December 2006 response that “Schwab fails to teach or suggest... [...] ... that payment is made upon allowed claims that have matured,” Examiner respectfully disagrees, as has been discussed in the immediately preceding paragraph. Furthermore, Examiner notes that Schwab “requires [reads on “guarantees”] reinsurers to pay only on ‘liquidated and determined claims’” and that therefore the distribution of assets is made on claims that are quantifiable, and therefore “mature” claims as per Applicant’s explanation of “matured” in Applicant’s Specification (see page 7, line 19).

Art Unit: 3626

With respect to Applicant's argument at pages 10-11 of the 22 December 2006 response that the applied references fail to disclose "**guaranteeing** payment," Examiner respectfully disagrees, and notes that Schwab "requires" payment, (Schwab; see at least page 177, line 9), which Examiner interprets to be a form of "guaranteeing" payment.

As such, it is unclear as to how or why Appellant's claimed limitations are not met by at least the aforementioned passages. Perhaps Appellant is relying on features not expressly recited in the claims, but disclosed in the specification. However it has been held that although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). Furthermore, it is respectfully submitted that Applicant appears to view the applied references without considering the knowledge of one of average skill in the art, and further fails to appreciate the breadth of the claim language that is presently recited.

In response to Applicant's argument at pages 10-11 of the 22 December 2006 response that there is no suggestion to combine the references, the Examiner notes that the motivations for combining the applied references can be found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In the instant case, the Examiner respectfully notes that each and every motivation to combine the applied references is accompanied by select portions of the respective reference(s) which specifically support that particular motivation. That is, in the instant application the

Art Unit: 3626

motivations have been found in the references themselves. See for example page 4 above, i.e. "... with the motivation of protecting the interests of the insurance company's claimants..." (Schwab; page 176, lines 40-41)," and on page 5 above, i.e., "with the motivation of providing an effective mechanism for handling insurance receiverships ..." (Hall; page 1, paragraph 6). As such, it is NOT seen that the Examiner's combination of references is unsupported by the applied prior art of record. Rather, it is respectfully submitted that explanation based on the logic and scientific reasoning of one ordinarily skilled in the art at the time of the invention that support a holding of obviousness has been adequately provided by the motivations and reasons indicated by the Examiner, *Ex parte Levengood* 28 USPQ 2d 1300 (Bd. Pat. App. & Inter., 4/22/93). It is respectfully submitted that contrary to Applicant's allegations, the features that Applicant disputes and the motivations for combining references are clearly within the teachings of the applied references and that Applicant fails to properly consider the clear and unmistakable teachings of the applied references, as illustrated above. Consequently, the Examiner respectfully submits that the burden of presenting a *prima facie* case of obviousness has at least been satisfied, since evidence has been presented of corresponding claim elements in the prior art and the combinations and the motivations for combinations that fairly suggest Applicant's claimed invention have been expressly articulated.

With respect to Applicant's argument at the paragraph bridging pages 10-11 of the 22 December 2006 response that neither Schwab nor King nor "the sections of Hall cited in the rejection of claim 1" disclose "a guaranteed payment or a fixed dividend being paid to the claimants when the claim matures," it is respectfully submitted that this limitation has already

Art Unit: 3626

been discussed in this office action, and further that Applicant fails to consider the entire references noted and focuses on only selected cites, taking them out of context. Further it is the entire combined applied reference(s), and not only the cited passages that must be considered when evaluating whether or not the applied references teach the cited limitations.

With respect to Applicant's argument at the paragraph bridging pages 10-11 of the 22 December 2006 response that there is no teaching as to "how to incorporate guaranteed payments of fixed dividends to mature claims of an insurance receivership" these limitations have already been discussed earlier in this Office Action.

With regard to arguments on pages 11-13 of the 22 December 2006 response, these contentions have already been discussed earlier in this Office Action.

### ***Conclusion***

12. Any response to this action should be mailed to:

**Commissioner of Patents and Trademarks  
Washington D.C. 20231**

or faxed to: (571) 273-8300.

For informal or draft communications, please label "PROPOSED" or "DRAFT" on the front page of the communication and do NOT sign the communication. After Final communications should be labeled "Box AF."

Art Unit: 3626


13. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Natalie A. Pass whose telephone number is (571) 272-6774. The examiner can normally be reached on Monday through Thursday from 9:00 AM to 6:30 PM. The examiner can also be reached on alternate Fridays.

14. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas, can be reached at (571) 272-6776. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (571) 272-3600.

15. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

  
Natalie A. Pass

February 5, 2007

  
Patent Examiner 3626  
1/5/07